

**STATE BOARD OF EQUALIZATION
FISCAL YEAR 2010-11
PROPOSAL No. XX**

TITLE OF PROPOSED CHANGE:

BOE Headquarters Facility - Placeholder

SUMMARY OF PROPOSED CHANGES:

In order to meet business operations needs and continue to effectively collect and process over \$53 billion in revenue annually, the Board of Equalization (BOE) requests funding to relocate its Headquarters staff to a new facility.

The BOE Headquarters location currently (as of August, 2009) houses approximately 2900 employees. Since the 450 N Street building was built to hold a maximum of 2200 employees, the resultant overcrowding is adversely affecting BOE's operational effectiveness and efficiency. Due to over-occupancy, BOE has been forced to move approximately one-fourth of the Headquarters operations to a second temporary location, which disrupts business functions and further exacerbates its operations.

On May 27, 2009, the Board adopted a resolution to propose legislation which would add section 14673.11 to the Government Code (G.C.) to sell, exchange, lease or any combination thereof, the 450 N Street building. In addition, BOE is requesting a waiver of G.C. section 14682 which requires State agencies located in existing State-owned facilities who vacate their premises to continue to pay rent for the facilities. BOE proposes using the current facilities rental allocation of approximately \$10.2 million for the new Headquarters location.

The BOE plans to move its Headquarters employees over a 6 year period to a new facility as follows:

| Phase | FY # 1 Phase 1 | FY # 2 Phase 2 | FY # 3 Phase 3 | FY # 4 Phase 4 | FY 5 Phase 5 | FY # 6 and Ongoing Phase 6 |
|----------------------|----------------------------------|--|--|--|---------------------------------------|----------------------------------|
| | Funding for Site Selection | Build Out of Tenant Improvements | 1200 Employees Occupy in June | 1100 Employees Occupy in June | 630 Employees Occupy in June | Ongoing |
| Description | | | | | | |
| New Rent Estimate | | | \$987,000 | \$12,749,000 | \$23,219,000 | \$28,919,000 |
| Rent Offset | | | (444,000) | (5,736,000) | (10,213,000) | (14,388,000) |
| One-time Costs | 250,000 | 10,080,000 | 9,240,000 | 5,292,000 | | |
| DGS Costs | | 237,000 | 241,000 | 349,000 | 366,000 | 385,000 |
| Total Request | 250,000 | \$10,317,000 | \$10,024,000 | \$12,654,000 | \$13,372,000 | \$14,916,000 |

The following is a summary of the funding request by funding source:

| Fund | FY # 1 | FY # 2 | FY # 3 | FY # 4 | FY # 5 | FY #6 Ongoing |
|----------------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | \$132,000 | \$5,425,000 | \$5,271,000 | \$6,653,000 | \$7,030,000 | \$7,844,000 |
| Special Funds | 50,000 | 2,147,000 | 2,086,000 | 2,634,000 | 2,784,000 | 3,103,000 |
| Reimbursements | 68,000 | 2,745,000 | 2,667,000 | 3,367,000 | 3,558,000 | 3,969,000 |
| Total Request | \$250,000 | \$10,317,000 | \$10,024,000 | \$12,654,000 | \$13,372,000 | \$14,916,000 |